



AUDIT

OF

UNDP COUNTRY OFFICE

IN

GUINEA-BISSAU

Report No. 2281
Issue Date: 12 February 2021

Report on the Audit of UNDP Guinea-Bissau Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Guinea-Bissau (the Office) from 30 November to 16 December 2020. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

- (a) Governance
- (b) Development activities
- (c) Operations – procurement, finance, human resources, administrative services, information communication and technology (ICT)

The audit covered the activities of the Office from 1 January 2019 to 31 August 2020. The Office recorded programme and management expenses of approximately \$36 million. The last audit of the Office was conducted by OAI in 2016.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Due to the COVID-19 pandemic, the audit was conducted remotely. Scope limitations due to the nature of the remote audit related to the following activities:

- (a) A review of original supporting documentation could not be carried out, and therefore the audit team relied on scanned copies of documents provided by the Office for all audit areas reviewed.
- (b) Meetings with Office staff and personnel were carried out virtually, which limited the audit team’s understanding of the Office’s working environment.
- (c) Project visits (location, site visits, meeting with counterparts/beneficiaries) were not conducted.
- (d) A physical verification of assets was not performed.
- (e) Safe and petty cash contents were not verified.
- (f) The information communication and technology area was not reviewed on-site.

Overall audit rating

OAI assessed the Office’s performance as **satisfactory/some improvement needed**, which means “The assessed governance arrangements, risk management practices and controls were generally established and functioning but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.” This rating was mainly due to weaknesses in the implementation of the Harmonized Approach to Cash Transfers (HACT).

Key recommendations: Total = 6, high priority = 1

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1	Medium
Effectiveness and efficiency of operations	2, 4, 5	Medium
Safeguarding of assets	6	Medium
Compliance with legislative mandates, regulations and rules, policies, and procedures	3	High

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The high (critical) priority recommendation is presented below:

Weaknesses in the implementation of the Harmonized Approach to Cash Transfers (Issue 3)

The following weaknesses were identified in relation to the implementation of the HACT Framework: weaknesses in the implementation of assurance activities; cash advances outstanding beyond three months; incorrect recording of expenditure; inadequate oversight over cash transfers; weaknesses in the utilization of the direct payment modality; and inadequate use of Funding Authorization and Certificate of Expenditure (FACE) forms

Recommendation: The Office should adhere to the requirements of the HACT Framework by: (a) completing a micro-assessment of implementing partners and developing and implementing the assurance plan; (b) ensuring cash transfer and direct payments adhere to UNDP policies; and (c) adhering to the requirements regarding the use of FACE forms.

Management comments and action plan

The Resident Representative accepted the six recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.


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